

SECRET

SN.
232

ORE

CIA SERIES

35348

CENTRAL INTELLIGENCE AGENCY

Review of the World Situation as it Relates to the Security of the United States

CIA 1

26 September 1947

Copy No. 45

SECRET

Am

WARNING

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, 50 U.S.C., 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

SECRET

REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

26 September 1947

S U M M A R Y

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States.

2. The U.S.S.R. is presently incapable of military aggression outside of Europe and Asia, but is capable of overrunning most of continental Europe, the Near East, northern China, and Korea.

3. The U.S.S.R. is unlikely to resort to open military aggression in present circumstances. Its policy is to avoid war, to build up its war potential, and to extend its influence and control by political, economic, and psychological methods. In this it is deliberately conducting political, economic, and psychological warfare against the United States.

4. The greatest danger to the security of the United States is the possibility of economic collapse in Western Europe and the consequent accession to power of Communist elements.

5. Stabilization and recovery in Europe and Asia would tend to redress the balance of power and thereby to restrain the U.S.S.R.

6. From the point of view of containing the U.S.S.R. and eventually redressing the balance of power the order of priority among the major regions of Europe and Asia is:

a. Western Europe.

b. The Near and Middle East (but within the region the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous).

c. The Far East (but within the region Japan is important as the only area capable of relatively early development as a power center counterbalancing the Soviet Far East).

SECRET

S E C R E T

REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE
SECURITY OF THE UNITED STATES

1. Among foreign powers, only the U.S.S.R. is capable of threatening the security of the United States. Even the U.S.S.R., lacking the requisite naval and air forces, is incapable of direct attack upon the United States * or of major military operations anywhere outside of Europe and Asia. The preponderance of readily available Soviet ground strength is such, however, that the U.S.S.R., at will, could speedily overrun most of continental Europe, the Near East, northern China, and Korea. If the U.S.S.R. were to exercise this capability, the ultimate danger to the United States would be even greater than that threatened by Germany and Japan, to avert which the United States incurred the risk of war.

2. Soviet predominance in Eurasia is, for the present, less a matter of absolute strength than of relative immediately available strength. The Soviet industrial war potential is considered to be approximately equal to that of 1939; it is almost certainly no greater. Since 1939, however, the power of Germany and of Japan has been obliterated, that of France and of Italy severely curtailed, and that of Great Britain seriously impaired. China also, no great power in 1937, is even more weak and disorganized in 1947. Thus the balance of power which restrained the U.S.S.R. from 1921 to 1941 has ceased to exist. The only effective counterpoise to the power of the Soviet Union is that of the United States, which is both latent and remote. Consequently the U.S.S.R., despite its present weaknesses, enjoys an overwhelming preponderance of power at every point within logistical reach of its land forces.

3. Despite this initial advantage, the U.S.S.R. is unlikely to resort to overt military aggression in present circumstances, primarily for the following reasons:

a. Forcible occupation of extensive additional territory, particularly in Western Europe, would impose upon the U.S.S.R. the additional burden of holding in subjection large hostile populations, a task vastly greater than that assumed in the satellite states of Eastern Europe and one likely to overtax the attenuated resources of the Soviet Union.

b. Open aggression would entail risk of a war with the United States ultimately disastrous for the U.S.S.R. Unable to strike directly at the United States, the U.S.S.R. would be exposed to early long range air bombardment with conventional and atomic bombs and to eventual amphibious attack. Moreover, Soviet industrial

* The U.S.S.R. is capable of a considerable number of one-way bomber sorties against targets in the U.S. Such attacks, using conventional bombs, could be no more than harassing in effect, but, with atomic bombs, would be extremely dangerous. Whether the U.S.S.R. now possesses a usable atomic bomb can be neither proved nor disproved, but it is considered improbable that the U.S.S.R. has such a bomb or that it can develop one before 1950.

S E C R E T

S E C R E T

capabilities for the support of large scale, highly developed warfare are and must long remain greatly inferior to those of the United States. The U.S.S.R. would be unable to win a quick decision in such a conflict and could not support a protracted struggle with a determined and resourceful antagonist far beyond its own frontiers.

c. Open military aggression would forego favorable prospects for the further extension of Soviet hegemony by political and economic means. By indoctrination, experience, and personal interest the rulers of the U.S.S.R. are predisposed toward the pursuit of their objectives by conspiratorial rather than by military methods. In the economic dislocation, social unrest, political instability, and military weakness prevailing generally in Europe and Asia they have an unprecedented opportunity to extend the Soviet sphere by politico-revolutionary action at less risk than that entailed by military aggression, and with greater prospect of enduring success.

4. Thus the greatest present danger to U.S. security lies, not in the military strength of the U.S.S.R. and the possibility of Soviet armed aggression, but in the possibility of the economic collapse of Western Europe and of the consequent accession to power of elements subservient to the Kremlin. The economic weakness of Western Europe is the result of the simultaneous impact of extensive physical destruction, a breakdown in pre-war economic relationships (supplanted in many countries by rampant illegal or black-market practices), a deterioration in the will and capacity to work and in other driving forces of a virile economy, and a probably irreparable loss of large pre-war claims for goods and services derived from overseas investments and from a dominant position in colonial territories. As a result of these conditions and until indigenous production can be increased considerably beyond the pre-war level, Western Europe is confronted (in the absence of outside aid) with a prolonged period of low standards of living, widespread dissatisfaction, social unrest, and political instability. There are indications that the Kremlin is clearly conscious of this opportunity and that its present plans for the extension of its power are premised upon the assumption of continuing economic crisis in Western Europe and an eventual depression in the United States.

5. The policy of the U.S.S.R. in the foregoing circumstances appears to be:

a. To avoid war with the United States, relying upon the disinclination of the United States to resort to war on its own initiative. (In the actual state of acute tension an accidental outbreak of hostilities is a distinct possibility, but it is probable that the U.S.S.R. would not intend its provocations to lead to armed conflict with the U.S. and will avoid that result insofar as its intelligence provides adequate guidance.)

b. To build up its own strength, in anticipation of eventual war, by:

S E C R E T

S E C R E T

- (1) An intensive program of reconstruction and industrial expansion with particular reference to war industries.
- (2) An intensive program of research and development with particular reference to an atomic bomb, guided missiles, and bacteriological warfare.
- (3) The development of naval and strategic air forces.
- c. To preserve its existing relative predominance in Eurasia by maintaining overwhelmingly preponderant ground strength and by consolidating control of satellite states and occupied areas.
- d. To extend its own power and influence and to undermine those of the United States so far as is possible by political, economic, and psychological means, including action to:
 - (1) Prevent or retard recovery and stabilization in non-Soviet areas.
 - (2) Fasten on the United States responsibility for continuing dissatisfactions and distress; identify the United States with political reaction, economic imperialism, and military aggression; and identify the Soviet Union as democratic, anti-imperialistic, and peace-loving.
 - (3) Exploit the weakness, instability, and confusion prevalent in neighboring countries to bring to power therein Communist or Communist-controlled governments.
6. Although the conditions presently prevailing in European and Asiatic countries surrounding the Soviet sphere constitute a danger to U.S. security, stabilization and recovery in those countries would tend to redress the balance of power, thereby curbing Soviet aggressiveness and stabilizing the international situation.
7. From the point of view of redressing the balance of power the major regions of Europe and Asia, outside the Soviet sphere, are not of equal importance. Western Europe merits first consideration for reasons of both urgency and potential value. The most highly developed of these regions, it is at once the most vulnerable to disorganization and the most favorable for the early development of potential power. It is also most accessible from the center of Soviet power, and conversely, best located for the eventual exertion of restraining pressure upon the Soviet Union. In Western Europe a severe and possibly decisive economic and political crisis now impends. Within the general area the most critical situations exist in the United Kingdom, France, Italy, and Germany.
8. The United Kingdom, supported by the British Commonwealth and Empire, was formerly a major stabilizing influence in world economy and the balance of power, but its capabilities in these respects are now greatly reduced. In view of its critical economic position, it must curtail drastically its overseas commitments, with a consequent reduction of its power and influence abroad. Existing British overseas com-

S E C R E T

3

S E C R E T

mitments are so extensive and important that their precipitate liquidation would create conditions prejudicial to security interests of the United States.

9. The immediate French economic situation is even more critical than that of the United Kingdom and the French are less able to cope with it, in large measure because of the instability of the internal political situation. The ineffectiveness of coalition governments increasingly encourages resort to political extremes. The Communists are already the strongest single party in France; a swift economic collapse might well lead to their accession to power. A more gradual decline would probably favor a trend toward an authoritarian solution under the leadership of De Gaulle. It is unlikely that either extreme could establish its authority so effectively as to preclude the outbreak of civil war on its accession to power.

10. The Italian economic situation is desperate and the political situation unstable, for reasons similar to those obtaining in France, with an even greater possibility of Communist accession to power in the event of economic and political collapse. Moreover, the proximity of Yugoslavia makes possible the development of a situation in Italy similar to that in Greece.

11. In Germany acute economic distress has been aggravated by continued partition and by uncertainties regarding the future status of the country and of its industrial establishments. Despite these conditions, Western Germany has shown itself to be more resistant to Communist penetration than France and Italy have been. There are indications that even in the Soviet Zone the political situation is unsatisfactory from the Soviet point of view. The economic rehabilitation of Germany, particularly of the Ruhr, is essential to general European recovery as well as to local stability. Effective steps toward industrial rehabilitation will tend to stabilize the situation in Western Germany, but will require convincing assurances to France against a recurrence of German aggression.

12. Of important concern in relation to Western European recovery is the existing instability in colonial (or former colonial) areas upon the resources of which several European powers (the United Kingdom, France, and the Netherlands) have hitherto been accustomed to depend. From Morocco to Indonesia the situation is disturbed by resurgent native nationalism and communal strife. Armed conflict exists between natives and Europeans in Indonesia, Indochina, and Madagascar, and between native communities in India and Pakistan. Armed communal strife is incipient in Palestine. Between Britain and Egypt the matter is one of international dispute. Unrest is widespread in French North Africa. None of these situations gives promise of early stabilization. The continuance of unsettled conditions hinders economic recovery and causes a diversion of European strength into efforts to maintain or reimpose control by force. In these circumstances the traditional liberal policies of the United States and its interest in early stabilization are in apparent conflict with its interest in supporting

S E C R E T

4

S E C R E T

friendly European governments. There is a consistent tendency to bring these matters before the United Nations, where their effect is to divide the non-Soviet powers. Although the U.S.S.R. is in no position to intervene by force in these situations, it is actively exploiting them to create dissension, to undermine the economic and political stability of European states, and to discredit them and the United States.

13. As a region, the Near and Middle East is of second priority from the point of view of containing the U.S.S.R. and eventually redressing the balance of power—but within the general area the situation in Greece is of great importance and the utmost urgency, while the situation with respect to Palestine is extremely dangerous. The region differs from both Western Europe and the Far East in that (except in India) its human and material resources are inadequate for the development of a significant power potential. Its great importance, second only to that of Western Europe, lies in its strategic location as a barrier to further Soviet expansion, as an essential link in communications between the West and East, and as a potential base from which power developed elsewhere could be brought to bear on the sources of Soviet power, and in the vital importance of the oil of the Persian Gulf states to the Western powers.

14. In Greece the U.S.S.R., acting indirectly through Communist-led guerrillas supported by the Balkan satellite states, is in actual process of taking over a major portion of the country by force of arms. The Greek Government is unable to cope with this threat without active aid. At any time U.S. armed intervention may be required to prevent its collapse and to restore the situation. The loss of Greece would not only impair the strategic position in the Eastern Mediterranean, but would also have profound psychological repercussions throughout Western Europe and the Near and Middle East.

15. The Soviet effort to penetrate Iran is still being conducted by political and economic means. Iranian refusal of an oil concession to the USSR, which is still probable, would provoke a strong Soviet reaction, including a renewal of subversive activity, though probably not an overt Soviet intervention. If Iran should grant the concession, Soviet penetration would be facilitated.

16. In contrast to Greece and Iran, Turkey is not susceptible to Soviet penetration. Turkey may be expected to resist Soviet domination in any circumstances, but could not be expected to withstand for long a full-scale attack.

17. The situation with respect to Palestine is fraught with peculiar difficulties and dangers. Zionist leadership, exploiting widespread humanitarian sympathy with the surviving Jews of Europe, has pursued its objectives without regard for the consequences. The Arab reaction is bitter and potentially violent, endangering not only the Jews in Palestine but also the strategic interests of the Western powers in the Near and Middle East, since the Arabs now identify the United States and the United

S E C R E T

S E C R E T

Kingdom with Zionism. The partition of Palestine, as proposed to the United Nations, satisfies minimum Zionist demands, but will be bitterly resisted by the Arabs. Its adoption and implementation would precipitate Arab armed resistance possibly assuming the proportions of a Holy War against Europeans and Americans as well as Jews. The Arab governments could not control this popular reaction; they would be coerced by it, or would be supplanted by governments responsive to the popular will. Their principal means of retaliation against the United States and the United Kingdom would be the cancellation of British and American oil concessions. Since the Arabs could not operate the oil properties themselves, and since, in these circumstances, they would be in desperate need of powerful support, it is probable that they would eventually transfer these concessions to the Soviet Union. Soviet control of Arabian oil would be disastrous to Western interests. This course of events, of which there is real and grave danger, would not only wreck the strategic position of the Western powers in the Near and Middle East, but would also have a fatal effect upon the economic recovery of Western Europe and would seriously impair the war potential of the Western powers.

18. Although the situation is critical in both China and Korea, the Far East is of only third priority from the point of view of containing the U.S.S.R. and eventually redressing the balance of power. The proximity of Eastern Siberia to the present perimeter of Soviet and Chinese Communist control in Korea, Manchuria, and North China, the remoteness of the United States, and the weakness of the Chinese National Government, would render any U.S. attempt at containment by directly opposing force to force a most unequal contest. The restraints upon Soviet aggression are political: the undesirability of an open conflict with the United States and the possibility of further penetration of China and Korea by political means. Moreover, the region is vast; an effort extensive in space and time would be required before the U.S.S.R. could gain effective control of objectives strategically important to the United States. From the point of view of power potential, the human and material resources of the region are great, but, with the exception of Japan and of certain areas in Manchuria and North China, they are generally undeveloped and incapable of development, by either the U.S. or the U.S.S.R., within any period of present concern. Moreover, in comparison with Western Europe and the Middle East, the accessible Far East is too remote from the vital areas of the Soviet Union to permit the exertion of effective influence therefrom upon Soviet policy. Whatever the course of events in continental Asia, maintenance of effective U.S. control of the Pacific would afford a sufficient safeguard.

19. Despite the low priority accorded to the Far East, as a region, in this reckoning, Japan is important as the only area within the region capable of relatively early development as a power center. Under SCAP control, the political situation in Japan is stable, despite economic difficulties. The Japanese economy is dependent upon

S E C R E T

S E C R E T

the availability of foodstuffs and industrial raw materials from overseas. The removal of U.S. control, particularly if the economic problem remains unsolved, would open the way to vigorous Soviet penetration. The rehabilitation of Japan under Soviet influence or control (with provision of essential imports from continental Asia) would jeopardize the U.S. strategic position in the Pacific, as well as any U.S. position in China. The rehabilitation of Japan under U.S. influence or control (with provision of essential imports from Southeastern Asia), while it would tend to alienate China, would create a power tending to counterbalance the Soviet Far East and so to stabilize the regional situation.

20. The stalemate in Korea can be broken only by U.S. acceptance of terms which would in effect surrender that country to the U.S.S.R. as a satellite. United States efforts to make the best of the status quo must be conducted in the face of persistent Soviet subversive activity and propaganda pressure.

21. There is no prospect of an early solution of the political and economic problems of China. The Communists will accept no political solution which does not render their existing territorial control secure while affording them opportunities for further penetration by political means. Such a solution has been the consistent objective of the U.S.S.R. The Kuomintang has been adamant in refusing to consider such terms so long as it has had hope of United States support. Losing such hope, it might reconsider its attitude with a view to salvaging what it could of its position. Consequently, in the absence of large-scale U.S. aid, the prospect in China is for either continuing conflict, with further political and economic disintegration and an expansion of the area of Communist territorial control, or the eventual formation of a coalition government through Soviet mediation and on Communist terms, with a gradual penetration of Communist influence throughout the national administration. In either case acute political and economic disorganization would prevail in China for many years, preventing an effective consolidation of Soviet control.

22. In Latin America local Communists, isolated from direct Soviet support and operating within the power orbit of the United States, cannot seize and hold political control. The U.S.S.R. therefore pursues limited objectives in that area, its major purpose being to attenuate Latin America's capacity and willingness to give aid to the United States in the event of war. This policy has already succeeded to such an extent that the U.S.S.R. can probably count on its undercover organizations and upon Communist-controlled key labor unions to cut off U.S. access to some of Latin America's strategic materials whenever the U.S.S.R. considers such action desirable. The recently concluded defense pact opens the way to marked improvements in cooperative military defense, but does not affect the scope and direction of these Communist activities and purposes.

S E C R E T

Oct 2 10 29 AM '47

TK:

SECRET

010/010

1947 OCT 01 09 21

RECEIVED